DoD Business Transformation Agency, Defense Business Systems Acquisition Executive

ARCHITECTURE COMPLIANCE USER GUIDE FOR INTRAGOVERNMENTAL (IGT) TRANSACTION SYSTEM

July 13, 2007

Version History

Version	Publication Date	Author	Description of Change
1.0	12 March 2007	IGT Team	Initial Release
2.0	13 July 2007	IGT Team	Phase II Release

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Introduction

Purpose

The Business Transformation Agency's (BTA), Office of the Defense Business Systems Acquisition Executive (DBSAE), issued this guidance to: 1) facilitate or streamline the Investment Review Board (IRB) review process by providing preliminary assessment criteria that determines system capability to support intragovernmental transactions; 2) assist in the BEA certification and assertion process for these transactions; 3) provide a reference source for financial systems analysts, systems accountants, systems developers, PM's , and others who design, develop, implement, operate, or maintain financial management systems; and 4) facilitate internal validations. The purpose of this document is to assist program managers (PMs) and other responsible parties in preparing for the IRB certification. This review process determines whether to approve funding based on Department of Defense (DoD) business requirements and the system's alignment with Business Enterprise Architecture (BEA).

Scope

This document is primarily targeted for use by the Component's designated Pre-Certification Authority (PCA) and PMs responsible for maintaining all information related to business systems requiring IRB certification and approval. This includes certifying that a given system and/or initiative complies with the BEA for reimbursable intragovernmental (IGT) transactions. (**Note:** PMs are considered the focal point for providing information about their respective systems and therefore are identified as the central user of this document.) The following intragovernmental transactions are not covered under the scope of this guidance:

- Purchase Cards
- Fuel
- Interfund
- Transportation
- Transfer of Assets
- Transactions with the Defense of Labor (DoL) relating to the Federal Employees' Compensation Act (FECA)
- Transactions with Office of Personnel Management (OPM) relating to health, life and retirement benefits.)

This document does not apply to systems categorized as legacy and is not intended to be used to determine certification approval.

Effective BEA version

The current version of the BEA should be used for architecture assessments. However, there will be instances when a compliance assessment is initiated based on a version of the architecture that is no longer current by the time the certification approval is completed. A compliance assessment may also be initiated immediately after a new major release and the architecture compliance staff may not have had time to fully understand the content of a new BEA release.

Document Overview

Overview

An intragovernmental transaction is any transaction involving sales, services, or transfers within or between two entities of the federal government. These transactions include buy-sell transactions, reimbursable agreements, interagency agreements, asset transfers, and Military Interdepartmental Purchase Requests (MIPRs). (View http://www.defenselink.mil/dbt/cse_igt.html for more information about intragovernmental transactions.)

The primary goal of the IGT initiative is to define and support the implementation of the requirements that establish common processes, business rules, and data requirements in an enterprise model for intragovernmental transactions. This model shall enable the DoD to:

- Properly account for and support the elimination of intragovernmental transactions from the DoD financial statements
- Improve DoD's ability to deliver accurate, reliable data that enables meaningful, detailed spend analyses
- Enhance visibility into the buying and selling elements of intragovernmental transactions
- Supports proper reporting of accounts payable (A/P) and accounts receivable (A/R)
- Reduces A/P and A/R amounts and aging, and reduces unmatched disbursements

The current environment in which goods and services are acquired from federal sources (both internal and external to DoD) and the resulting financial procedures present several issues including:

- Absence of uniform procedures,
- Failure to follow established procedures,
- Failure to capture needed transaction-level detail,
- Failure to use common identifiers throughout the process,
- Untimely recording of financial events, and
- Lack of transactions visibility.

Authoritative Guidance

The IGT initiative addresses external reports and major issues identified in August 2001. Intragovernmental transactions and financial eliminations were identified by the Government Accountability Office (GAO) and the Office of Management and Budget (OMB) as a material accounting weakness across the federal government. The GAO Auditor's Report found the following material weakness on the FY 2005 Financial Statements: "The government's inability to adequately account for and reconcile intragovernmental activity and balances between federal agencies."

This refers to the inability of federal reporting entities to match their financial transactions against the opposing transactions of their trading partners (for example, A/P to A/R, or Revenues to Expenses) in order to eliminate them from the federal financial statements. As transactions that occur within the federal government, such transactions must not show a net impact to the overall statements. Any transactions that cannot be eliminated must be reconciled and adjusted. Currently, most reporting entities do not have the ability to make supportable adjustments due to a lack of

supporting data for these transactions. The root causes of this are in the lack of standard data, business rules and visibility of the related transactions.

The following are the Federal drivers that commenced the IGT initiative:
- GAO-defined IGT as a Material Weakness (2001)
- Treasury Department, OMB, and GAO have all identified IGT as a problem area
- OMB Released Business Rules and launched the Intragovernmental Transactions Exchange (IGTE) initiative (2002)
- GAO specifically identified Management of Interagency Contracting as a High-Risk Area (2005)

The following are the DoD Drivers that commenced the IGT initiative:
- DoD Material Weakness (represents $200B+ in funds management issues)
- "Get It Right" Campaign to properly use Interagency Contracts started by Defense Procurement and Acquisition Policy office (2004)
- Inability to answer the following questions within the DoD BEA:
    - Who are our suppliers and what is the state of our relationship with them?
    - How are we investing our funds to best support the warfighting mission?

These reports also reflect an issue on the Acquisition side, that is, the inability to properly report or manage the purchases government entities make when the Seller is another government entity. The government has limited visibility of and standards around these types of transactions, leaving the door open to potential misuse. At the least, this negatively impacts our ability to track order performance or conduct spend analysis and strategic sourcing activities. Finally, without proper tracking of these transactions, we will not be able to achieve the Department's overall goal of mapping budgeting to execution of funds.

The BEA 4.1 includes a process model for reimbursable IGT orders that address these issues through establishing high level business rules, data elements, and process steps. Benefits of the new model include:
- Standardized data requirements, including business partner network (BPN) numbers and financial data loading to service to service interoperability
- Data visibility to the detail level
- Streamline the process to standardized the order, order acceptance, billing and the receipt and acceptance process
- Reinforced Generally Accepted Accounting Principles (GAAP) rules for consistent, common accounting practices
- Standardized government supplier engagement via a centralized BPN database

Through implementation of this model, we will be able to achieve the goals established for the program, and part the way for the future. This will provided a fully integrated environment envisioned by the Department.

How to Use the IGT Guide

A major requirement for Components during the IRB certification process is to assert compliance with the BEA. Specifically, the PCA is required to upload the Component Pre-Certification Letter to the IRB Portal. This signed letter asserts, among other things, that the system complies with the

BEA. The PCA and PMs assert their compliance based on identifying and comparing all capabilities of the business system to activities, processes, business rules, and data elements contained in the BEA. The purpose of this guide is to assist PMs in determining if the capabilities of their system presented for the IRB review support any aspects of the IGT process. In addition, this guide provides a tool for PMs to systematically target and assert to applicable IGT activities and processes modeled in the BEA and develop a strategy or plan of action to address conditions for non-compliance.

This guide is separated into the following two parts: IGT Questionnaire and IGT Navigational Tool.

IGT Questionnaire:

The IGT Questionnaire is a set of questions to assist PMs to determine if their system's capabilities support specific areas of the IGT reimbursable process. (Click here to review and respond to the questionnaire.)

PMs should be familiar with the capabilities of their business system as it supports the following high level areas of the IGT process:

- Documenting sourcing agreement information;
- Creating/processing reimbursable orders;
- Creating/processing bills and/or invoices;
- Reporting disbursing and collections;
- Managing and monitoring contract closeout; and
- Posting related financial transactions.

PMs should review the overview section of the questionnaire that describes the reimbursable process and select either "Yes or No" using the drop-down box after each assessment question. The Comment column is optional and available for additional explanations. A final response of "No" to every question asserts that the capabilities' of the business system is not applicable nor will not exist to perform or support the reimbursable order processes. However, a "Yes" response to any of the questions indicates system supports the reimbursable transactions process. Consequently, the PM would need to assert their system's capabilities against the BEA.

By reviewing and responding to these questions, the PCA and PMs are able to ensure a comprehensive assessment of their system's functions against the BEA.

IGT Navigational Tool:

This tool will pre-identify the relevant BEA activities, processes, etc., that support specific IGT reimbursable processes requiring assessment. It could be used in conjunction with the Architecture Compliance and Requirement Traceability (ACART)[1] or as a separate tool or means for exploring through the architecture. The tool will also identify pertinent system capabilities that should be considered while developing action plans and/or responses towards becoming BEA compliant.

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1 Guidance on how to use the ACART tool is provided in the ACART User Guide,

https://businesstransformationagency.info/ACARTv2/view/files/ACARTv2_User_Guide.pdf. In the future this tool will contain a reference link to the

IGT User Guide and Navigational Tool.

As previously indicated, a "Yes" response to any question on the IGT Questionnaire indicates that the capability of the business system exist to perform or support the IGT reimbursable process, and is now subject to the BEA assessment and assertion compliance review process.

For more information please review Appendix A, IGT Navigational Tool Overview, for an outline of the IGT Navigational Tool functionality.

IGT/IRB Presentation Process:

A detail overview of the IGT guide and questionnaire in support of the IRB review process is illustrated below.

1 Component initiates system development/ initiative

START

2 Component pulls IRB, BEA, and IGT user guidance from IRB website.

IGT User Guide/ Questionnaire

IGT Questionnaire

BEA/IRB Assessment Report/ Compliancy Plan

3 Component reviews IGT user's guide and responds to questions on questionnaire to determine involvement with intragovernmental transactions.

4b Component reviews guide to navigate through BEA to start compliancy process.

5 Component navigates through BEA and selection acivities/processes/ business rules/data elements relevant to your system's capability.

6 Component generates BEA assessment report/ compliancy plan/ completed IGT questionnaire as required for IRB documentation.

4 Does system process ANY intragovernmental transactions?   Yes

No

9 IRB forwards package to IGT for review/ concurrence.   Yes

10 IGT reviews and returns comments to IRB

IGT Questionnaire

IRB submission package

4a Component continues preparations for IRB Review includes IGT Questionnaire in IRB package.

7 Component submits package to IRB review board.

8 Does IRB package require additional assessment by IGT team?   No   End of process flow for IGT
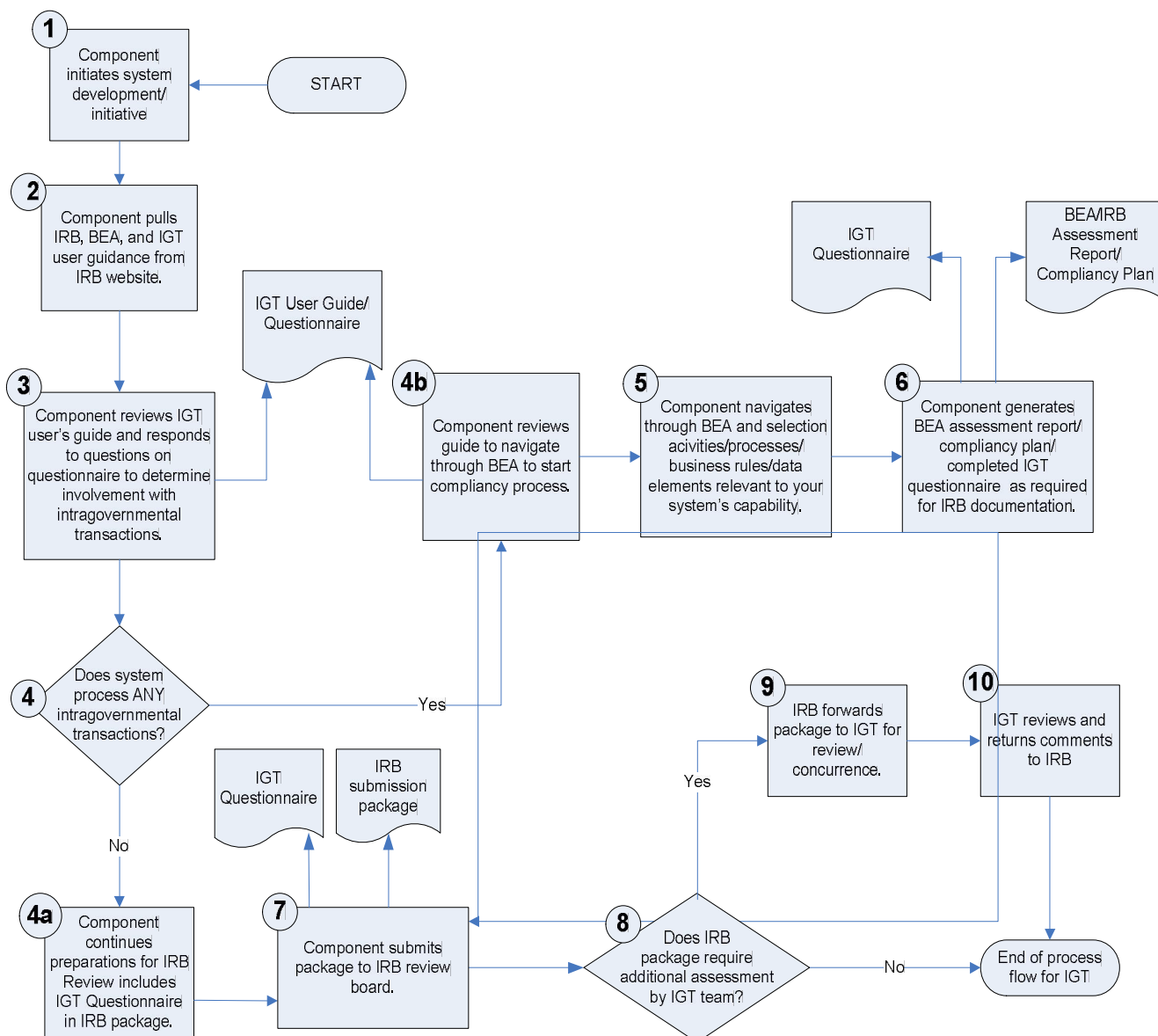
Figure 1, IGT/IRB Presentation Process

The following steps identify the IRB certification review process for the IGT assessment:

1. Components establish business case for developing system or initiative.

2. Components prepare for IRB process (i) downloading guidance from the IRB website, following the, (ii) BEA compliance process, and (iii) IGT User Guide.

3. Components review the IGT user's guide and respond to the questionnaire.

4. The Components determine if their system supports the IGT capabilities for reimbursable orders.

4a. If Components response "No" to every question it will indicate that the capabilities' of their business system is not applicable nor support the reimbursable order processes. Then the Components will continue with the IRB preparation process and include the IGT questionnaire with the IRB submission package. The component will then follow step 7.

4b. If Component responds "Yes" to any question, and then the Components will follow the procedures in the IGT User Guide to start the BEA compliancy process.

5. Components will navigate in selecting the relevant IGT processes. The IGT Navigational tool will assist in representing the steps that will select which activities, processes, and business rules support IGT requirements. Note: The Component could use the ACART tool to assert if their system capability is compliant or non-compliant against the business rules.

6. After completing the BEA assessment, the Components will generate a report that contains, if applicable, a compliancy plan for requirements on IGT process. This report will contain the IGT questionnaire as a part of the supporting package. .

7. The Component will submit the package to the IRB board for review.

8. The IRB will determine if the package requires additional review or assessment by IGT team. (Note: This maybe a necessary step if the IRB package does not include a completed IGT questionnaire and/or the IRB package contains a BEA activity that could flag as a possible linked to an IGT process.). If IRB determines that the package does not need the IGT review the IGT/IRB process will end.

9. If "Yes", then the IRB will forward package to IGT team for review.

10. IGT team reviews package and returns assessment to the IRB Board for their final review.

IGT Navigational Tool Overview:

The IGT Navigational Tool guides the PMs to determine if their system's capabilities support specific areas of the IGT reimbursable process. At a high level, the following four basic steps should be used to assess BEA compliance: 1) Identify the system's known activities or processes; 2) Derive the possible BEA touchpoints with system's activities or processes; 3) Determine the relevant BEA touchpoints with system's activities or processes; and 4) Assess BEA compliance against the relevant touchpoints. This Tool pre-identifies the relevant IGT reimbursable enterprise activities, processes, data standards, business rules, laws, regulations and policies defined in the DoD BEA. The primary objective of the tool is to assist the user in meeting the IRB[2] requirements by reviewing and responding to the questionnaire section on the tool. The Tool will also allow PCA and PMs to be able to ensure a comprehensive assessment of their system's functions against the enterprise architecture. The Tool provides a method to assess and document a system's capabilities and its state of compliancy.

The IGT Navigational Tool is extremely valuable when used in conjunction with the Architecture Compliance and Requirement Traceability (ACART) tool because it guides the user through the specific IGT key areas. The user will be able to follow ACART guidance in selecting the appropriate artifacts specified in the tool. The IGT Navigational Tool provides additional functional information specific to the reimbursable process. The ACART tool will then generate an automated summary report that identifies the system's status of compliance.

If the IGT Navigational Tool is used independently from the ACART Tool, the user will need to follow the steps (as specified above and in the illustration) that will identify the high level activities, processes, etc., that are specific to the IGT process. After reviewing each item, the user will assert to their system's compliancy. Unlike the ACART Tool the IGT Navigational Tool does not develop a summary report of the assessment results; the user will need to create their unique report.

The IGT Navigational Tool serves as supporting documentation for the summary report that the PCAs should retain for validation and audit purpose. PCAs are not required to forward system compliance assessment documentation to OSD. However, sufficient documentation, which may include BEA and program architectural products, must exist to support the PCA compliance assessment. System owners must submit an assessment report and indicate any specific plans they have to become compliant in the key IGT areas. A PM should include this information to support their certification of compliancy and/or the current status of compliance.

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2 For the FY2007 investment review cycle, architecture compliance is defined as adherence to the controls (requirements), business rules, and standard data elements of those BEA operational activities that are supported by the system being assessed.

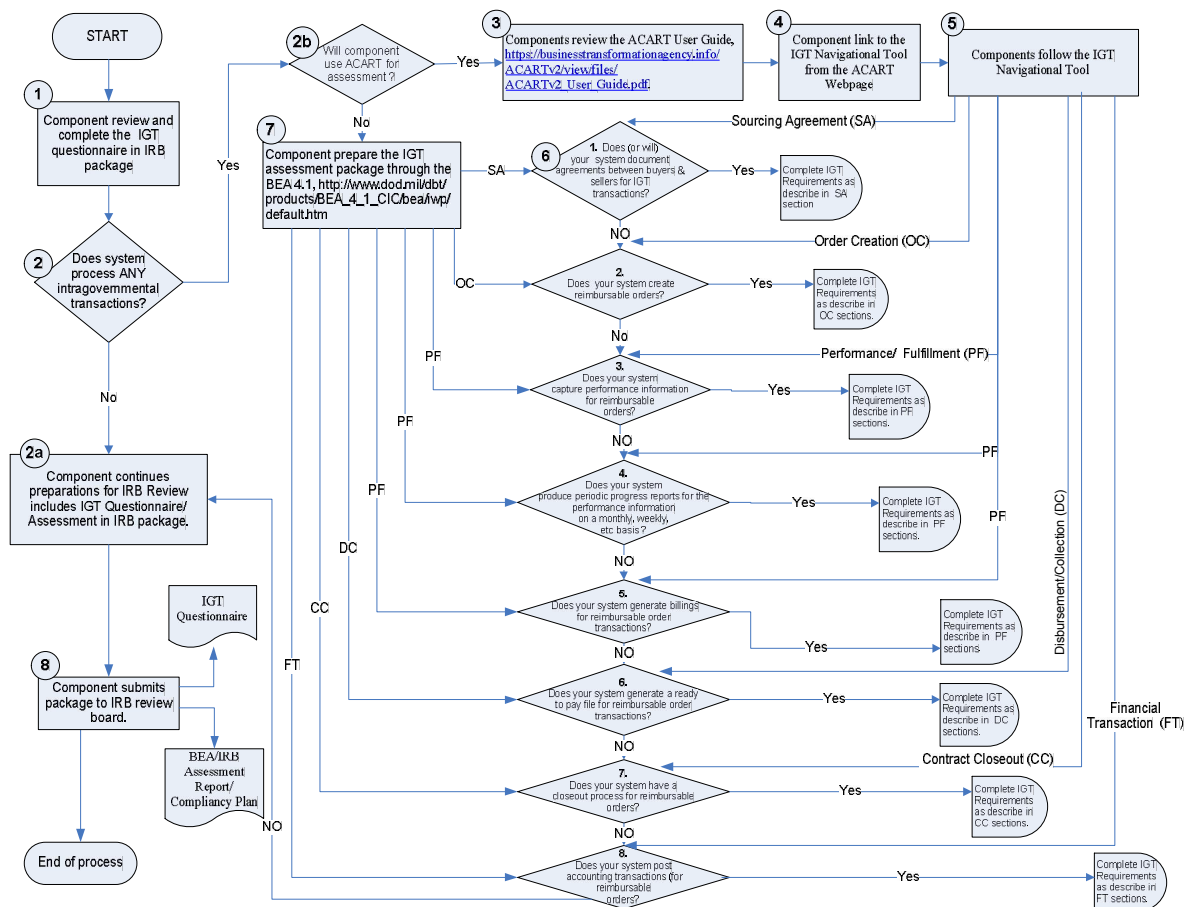A detail overview of the IGT Navigational Tool process is illustrated below.

Figure 2, IGT Navigational Tool Process Flow

Tool Design:

The IGT Navigational Tool was built based on the BEA outline. The high level activity of each related business process is further decomposed to the detail sections where the users will need to start their assertion process. A user will need to initiate their assertion process on the Data Elements, Business Rule and Law, Regulation and Policy (LRPs) tabs. Each workbook contains the following columns:

   (i)   BEA reference,
   (ii)   IGT explanation,
   (iii)   Next step,
   (iv)   User comments, and
   (v)   If applicable, some sections included an assertion column.

These columns will assist the user in making accurate assessments on behalf of their system. Throughout the spreadsheet the user is able to; (i) review the BEA definition by selecting the hyperlinks provided on the "BEA reference" column and (ii) review the BEA new content of the IGT significant business process changes for the Acquisition and Logistics communities. If the

system owner responds "Yes" to any question, the Tool will guide them to the next section they will need to review. For example, if responding "Yes" to Sourcing Agreement, the Tool will guide the user through Sourcing Agreement activities, processes, data object, data entities, business rules and LRPs. A detailed description of all relevant section follows.

IRB Questionnaire: This section provides a high level explanation of the reimbursable process. The descriptions assist the user in determining if their system processes reimbursable transactions. For each question containing a "Yes" response from the questionnaire, further analysis will be required to determine the level of compliancy to the BEA.

Operational Activities: This section identifies the high level BEA activities and sub-activities associated with each reimbursable process.

Process: This section identifies the detailed reimbursable processes that are specific to each high level activity. The "Explanation" column provides a functional clarification of specifics for each IGT business process.

Business Rules: This section lists the business rules associated with each IGT process. The user will need to assert their respective system's compliance according to these rules.

Data Object: This section identifies the data objects associated with each reimbursable process. The IGT functional description will assist the system owner to understand how each object supports the reimbursable process.

Data Entities: This section identifies all data entities associated with each IGT process and their respective data objects. Each BEA data entity could relate to many IGT data elements. The functional explanation column will indicate the IGT data elements' functional names. Further explanation of the IGT data elements is included in the glossary section.

Glossary: This section provides the additional definitions of the IGT data elements.

Law, Regulations and Policies (LRPs): This spreadsheet identifies all laws, regulations, and policies that directly relate to activities and processes in the Common Supplier Engagement Business Enterprise Priority in the BEA. Note: In the future the IGT initiative will review and determine which of these LRPs are specific and unique to the IGT process.